The Strategic Petroleum Reserve holds more than 700 million barrels of oil;
A small drawdown could impact prices within weeks

Washington, DC— On Tuesday, Rep. Steve Israel (D-Huntington) called on President Obama to be prepared to tap into the Strategic Petroleum Reserve (SPR) to stabilize rising gas prices. On Long Island, gas prices are up 15 cents in the last week.

“For OPEC and speculators, oil price spikes mean profits. But for Long Island families, it means an unexpected economic burden,” said Rep. Israel. “Instability in the Middle East means we’re paying at the pump here at home. Over the long term, we need the United States to transition off of foreign oil. And for the short term, we need to provide relief and prevent unmanageable gas prices that hurt families and slow economic growth. A small drawdown of the Strategic Petroleum Reserve can help us do that.”

The Strategic Petroleum Reserve holds 727-million-barrels of oil and is the largest stockpile of government-owned emergency crude oil in the world. Once oil is released from the SPR, it would take less than two weeks to enter the market, according to the Department of Energy. Rep. Israel previously called on President Bush in 2008 to use the SPR when gas topped $4/gallon.

The SPR has been used by the past three presidents to help stabilize oil prices. In 2000, after President Clinton authorized a swap of 30 million barrels, oil prices dropped 20 percent in a week and 34 percent in a short amount of time. In 2005, President Bush offered 30 million barrels from the SPR to reduce prices after Hurricane Katrina. Only 11 million barrels were released, which resulted in crude oil prices dropping by $5 a barrel.

Analysts are predicting that increased crude oil prices could slow economic recovery and cause a sharp increase in the cost of U.S. oil imports. According to the International Energy Agency, should crude prices remain high the U.S., Europe and Japan might have to spend nearly $200 billion more on oil imports this year than in 2010. In 2008 when prices reached $4 a gallon nationally, the U.S. saw a significant drop in consumer spending. Analysts from the Bank of America told the Wall Street Journal, “The Libyan supply disruption could be the 8th largest supply shock since 1950, on our estimates.”